

**SHEPHERD'S FARM SENIOR HOUSING AT
WEST DEPTFORD, INC.**



HUD PROJECT No. 035-EE045

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2023 AND 2022**

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

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For the Years Ended September 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Shepherd's Farm Senior Housing at West Deptford, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Shepherd's Farm Senior Housing at West Deptford, Inc. HUD Project No. 035-EE045, which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shepherd's Farm Senior Housing at West Deptford, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Shepherd's Farm Senior Housing at West Deptford, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shepherd's Farm Senior Housing at West Deptford, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Shepherd's Farm Senior Housing at West Deptford, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shepherd's Farm Senior Housing at West Deptford, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules listed in the table of contents are presented for purposes of additional analysis as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, listed in the table of contents, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023 on our consideration of Shepherd's Farm Senior Housing at West Deptford, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shepherd's Farm Senior Housing at West Deptford, Inc.'s internal control over financial reporting and compliance.



BOWMAN & COMPANY LLP
Certified Public Accountants & Consultants

Woodbury, New Jersey
December 12, 2023

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

**HUD PROJECT NO. 035-EE045
Statements of Financial Position
As of September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash - operations	\$ 132,298	\$ 40,552
Tenant accounts receivable	2,386	2,737
Accounts receivable - HUD	-	1,116
Accounts receivable	402	415
Prepaid property/liability insurance	22,903	19,542
Total current assets	<u>157,989</u>	<u>64,362</u>
Deposits held in trust - funded		
Tenant deposits - held in trust	<u>29,897</u>	<u>30,604</u>
Restricted deposits and funded reserves		
Replacement reserve	310,374	466,624
Residual receipts reserve	18,882	18,800
Total restricted deposits and funded reserves	<u>329,256</u>	<u>485,424</u>
Land, building, and equipment, net	<u>5,974,920</u>	<u>6,017,898</u>
	<u><u>\$ 6,492,062</u></u>	<u><u>\$ 6,598,288</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 193,297	\$ 132,410
Accounts payable - HUD	1,108	-
Accrued payment in lieu of taxes	17,504	4,179
Miscellaneous current liabilities	110,592	88,629
Prepaid rent	2,769	2,675
Total current liabilities	<u>325,270</u>	<u>227,893</u>
Deposit liabilities		
Tenant deposits held in trust (contra)	<u>29,897</u>	<u>30,604</u>
Long-term liabilities		
Capital advance - HUD Section 202	<u>7,552,000</u>	<u>7,552,000</u>
Total liabilities	<u>7,907,167</u>	<u>7,810,497</u>
Net assets (deficit)		
Net deficit without donor restrictions	(1,425,105)	(1,222,209)
Net assets with donor restrictions	<u>10,000</u>	<u>10,000</u>
Total net assets (deficit)	<u>(1,415,105)</u>	<u>(1,212,209)</u>
	<u><u>\$ 6,492,062</u></u>	<u><u>\$ 6,598,288</u></u>

The accompanying notes are an integral part of the financial statements.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**HUD PROJECT NO. 035-EE045****Statements of Activities****For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Revenue		
Rental income	\$ 820,223	\$ 760,448
Interest income	123	20
Other income	<u>6,938</u>	<u>8,089</u>
Total revenue	<u>827,284</u>	<u>768,557</u>
Expenses		
Program services	799,029	826,301
Management and general	<u>231,151</u>	<u>245,216</u>
Total expenses	<u>1,030,180</u>	<u>1,071,517</u>
Increase in net deficit without donor restriction	(202,896)	(302,960)
Net deficit without donor restriction - beginning	<u>(1,222,209)</u>	<u>(919,249)</u>
Net deficit without donor restriction - ending	<u>(1,425,105)</u>	<u>(1,222,209)</u>
Change in net deficit	(202,896)	(302,960)
Net assets (deficit) - beginning of the year	<u>(1,212,209)</u>	<u>(909,249)</u>
Net assets (deficit) - ending of the year	<u>\$ (1,415,105)</u>	<u>\$ (1,212,209)</u>

The accompanying notes are an integral part of the financial statements.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.
HUD PROJECT NO. 035-EE045
Statements of Functional Expenses
For the Years Ended September 30, 2023 and 2022

	2023			2022		
	Program Services	Management and General	Total Expenses	Program Services	Management and General	Total Expenses
Administrative	\$ 16,965	\$ 98,029	\$ 114,994	\$ 12,245	\$ 96,547	\$ 108,792
Management fee	-	45,900	45,900	-	45,900	45,900
Utilities	78,800	-	78,800	82,594	-	82,594
Operating and maintenance	222,194	-	222,194	260,285	-	260,285
Depreciation and amortization	255,805	-	255,805	251,170	-	251,170
Taxes and insurance	190,200	87,222	277,422	188,669	102,769	291,438
Other elderly care expenses	35,065	-	35,065	31,338	-	31,338
	<u>\$ 799,029</u>	<u>\$ 231,151</u>	<u>\$ 1,030,180</u>	<u>\$ 826,301</u>	<u>\$ 245,216</u>	<u>\$ 1,071,517</u>

The accompanying notes are an integral part of the financial statements.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

HUD PROJECT NO. 035-EE045

Statements of Cash Flows

For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Cash received		
Rental income	\$ 820,668	\$ 759,433
Interest	123	20
Other	8,067	8,399
Cash disbursed		
Administrative and operating expenses		
Administrative expense	(76,936)	(116,148)
Utilities	(78,800)	(82,594)
Operating and maintenance	(222,194)	(260,285)
Taxes and insurance	(267,458)	(278,095)
Other operating expenses	<u>(35,772)</u>	<u>(29,911)</u>
Net cash provided by operating activities	<u>147,698</u>	<u>819</u>
Cash flows from investing activities		
Purchase of building improvements and equipment	<u>(212,827)</u>	<u>(144,192)</u>
Net cash used in investing activities	<u>(212,827)</u>	<u>(144,192)</u>
Net decrease in cash	(65,129)	(143,373)
Cash - beginning	<u>556,580</u>	<u>699,953</u>
Cash - ending	<u><u>\$ 491,451</u></u>	<u><u>\$ 556,580</u></u>
Reconciliation of change in net assets (deficit) to net cash provided by operating activities		
Change in net assets (deficit)	\$ (202,896)	\$ (302,960)
Adjustments to reconcile change in net assets (deficit) without donor restriction to net cash provided by operating activities		
Depreciation and amortization	255,805	251,170
(Increase) decrease in assets		
Tenant accounts receivable	351	(1,720)
Accounts receivable - HUD	1,116	(105)
Accounts receivable	13	415
Prepaid property/liability insurance	(3,361)	1,935
Prepaid expenses	-	7,229
Increase (decrease) in liabilities		
Accounts payable	60,887	(20,547)
Accounts payable - HUD	1,108	-
Accrued payment in lieu of taxes	13,325	4,179
Miscellaneous current liabilities	21,963	59,091
Prepaid rent	94	705
Tenant deposits held in trust (contra)	<u>(707)</u>	<u>1,427</u>
Net cash provided by operating activities	<u><u>\$ 147,698</u></u>	<u><u>\$ 819</u></u>
Reconciliation of cash and cash equivalents to the statements of net position		
Cash - operations	\$ 132,298	\$ 40,552
Tenant deposits - held in trust	29,897	30,604
Replacement reserve	310,374	466,624
Residual receipts reserve	<u>18,882</u>	<u>18,800</u>
	<u><u>\$ 491,451</u></u>	<u><u>\$ 556,580</u></u>

The accompanying notes are an integral part of the financial statements.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

Notes to Financial Statements

Note 1: ORGANIZATION

Shepherd's Farm Senior Housing at West Deptford, Inc. (the "Corporation"). HUD Project No. 035-EE045 (the "Project") was organized to acquire real property located in West Deptford, New Jersey and to construct, develop, and operate a housing project for the elderly under Section 202 of the National Affordable Housing Act. The 76-unit project consists of seventy-five one bedroom units for residents and one two bedroom unit for on-site staff. The project is regulated by the U.S. Department of Housing and Urban Development ("HUD") as to rent charges and operating methods.

The project was funded mainly by Section 202 loan funds from the Department of Housing and Urban Development, as well as some funding from the Federal Home Loan Bank and the Casino Reinvestment Development Authority/Gloucester County Improvement Authority. The Diocesan Housing Services Corporation of the Diocese of Camden, Incorporated is the project asset manager. The Corporation has contracted with the Housing Authority of Gloucester County to provide property management services to the Shepherd's Farm facility.

For operating purposes, the date of first occupancy for the development was July 1, 2005.

The Corporation operates under the federally funded program Supportive Housing for the Elderly, Section 202. This program has two components, a capital advance and project rental assistance contract (PRAC).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Basis of financial statement presentation – The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the corporation. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the corporation, or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Corporation has net assets with donor restrictions related to the project's minimum capital investment. See also Note 8.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Contributions - Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions with donor restrictions that are met in the same period as received are recorded as contributions without donor restrictions.

Revenue recognition - The Corporation's primary revenue stream is rent charges for residential units under leases with durations of one year or less. The Corporation records revenue for such leases at gross potential rent as prescribed by HUD. Under the Operating Agreement, the Corporation may not increase rents charged to tenants without prior HUD approval. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by HUD. The difference between the contract rent and the amount paid by tenants is paid by HUD through a subsidy. The current contract expires on July 1, 2045. For the years ended September 30, 2023 and 2022, subsidy revenue of \$481,079 and \$447,950 respectively, was included in rental income. This total represents 58% and 59% of net rental income for the years ended September 30, 2023 and 2022, respectively.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Corporation believes that both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams involving tenants which are subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Corporation on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, and damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Functional allocation of expenses - The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Whenever possible, costs are charged directly to the function benefited. However, administrative costs and taxes and insurance have been allocated between program and supporting services benefited. Such allocations are determined by management on an equitable basis utilizing the time and effort method of allocation.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Land, building, and equipment - The Corporation carries property and equipment at cost. When retired or otherwise disposed of, the carrying value of the assets and related depreciation are removed from the respective accounts, and the net difference, less any amount realized from disposition, is charged or credited to income.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Land, building, and equipment (continued)

Assets capitalized generally have an original cost of \$2,000 or more and a useful life in excess of one year. Dwelling equipment (ranges and refrigerators) is capitalized irrespective of cost. Depreciation has been provided on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Building improvements	10 to 20 years
Furniture and equipment	3 to 10 years

Income taxes - Shepherd's Farm Senior Housing at West Deptford, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly does not record a provision for income taxes on related income.

Statements of cash flows - For the purpose of the statement of cash flows, the Corporation includes only unrestricted operating cash. Restricted cash related to resident security deposits and the replacement reserve, are not included as cash in the statement.

Newly adopted accounting pronouncements

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases—capital (or finance) leases and operating leases. Previously, GAAP has required only capital leases to be recognized on lessee balance sheets. The adoption of this standard had no effect on the Corporation's financial statements.

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets – Issued in September 2020, Accounting Standards Update (ASU) No. 2020-07 improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. The adoption of this standard had no effect on the Corporation's financial statements.

New accounting pronouncements

Financial Instruments—Credit Losses – Issued in June 2016, Accounting Standards Update (ASU) No. 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The standard will take effect for fiscal years beginning after December 15, 2022, and for interim periods within those fiscal years. The Corporation is assessing the potential impact this guidance will have on its financial statements.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.
Notes to Financial Statements (continued)

Note 3: LIQUIDITY AND AVAILABILITY

At September 30, 2023 the Corporation has \$135,086 in cash and other assets available to meet needs for general expenditures consisting of cash of \$132,298 and \$2,788 of accounts receivable. None of the financial assets are subject to donor or other contractual restrictions. Accordingly all such funds are available to meet the cash needs of the project in the next twelve months. In addition, the Corporation may maintain funds in a reserve for replacement or residual receipts. These funds are used for the benefit of the tenants and/or the Corporation and are required by HUD. The funds may be withdrawn only with the approval of HUD. Such funds are not considered by the Corporation to have donor-restrictions.

The Corporation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Corporation are expected to be met on a monthly basis from the rents of project units.

Note 4: REPLACEMENT RESERVE ACCOUNT

Under the regulatory agreement related to the project, the Corporation is required to set aside \$3,290 per month for the replacement of property and other project expenditures that can be made only with HUD's written approval. HUD-restricted deposits are held in separate accounts and generally are not available for operating purposes. The amount of the replacement reserve account totaled \$310,374 and \$466,624 at September 30, 2023 and 2022, respectively.

Note 5: RESIDUAL RECEIPTS ACCOUNT

Management is required to establish a residual receipts account for any surplus cash as defined by HUD. In accordance with a HUD Memo issued in June 2015, HUD began offsetting the corporation's monthly Housing Assistance Payment (HAP) vouchers with any excess residual receipts. This offset amount is to be determined by management and the HUD project manager at the end of each year. HUD requires each organization retain residual receipt balance not to exceed \$250 per unit, which for the organization amounts to \$18,750. The residual receipts account was equal to \$18,882 and \$18,800 as of September 30, 2023 and 2022, respectively. HUD did not recapture any residual receipts during fiscal years ended September 30, 2023, and 2022.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.
Notes to Financial Statements (continued)

Note 6: LAND, BUILDING AND EQUIPMENT

Land, building, and equipment consists of the following:

	September 30,	
	<u>2023</u>	<u>2022</u>
Land	\$ 525,000	\$ 525,000
Buildings and improvements	9,885,467	9,827,626
Furniture and equipment	<u>307,730</u>	<u>152,744</u>
	10,718,197	10,505,370
Less: accumulated depreciation	<u>4,743,277</u>	<u>4,487,472</u>
Land, building, and equipment	<u>\$ 5,974,920</u>	<u>\$ 6,017,898</u>

Note 7: CAPITAL ADVANCES

HUD funded a Section 202 Capital Advance in the amount of \$7,552,000 to pay for the construction of the project. HUD holds a non-amortizing mortgage on the property under the terms of the Capital Advance agreement with HUD. No repayment is required so long as the owner complies with the Regulatory Agreement with HUD to make available rental housing to very low-income elderly persons for 40 years. Failure to comply with the terms of the Capital Advance and HUD's business agreements may result in foreclosure under the mortgage.

Note 8: OWNERS EQUITY

The owner entity was required to deposit a minimum capital investment under the Section 202 Capital Advance Program. The owner deposited \$10,000 in an account to fulfill this requirement. This amount is considered time restricted until HUD releases the funds back to the owner. It is included in net assets with donor restriction.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.
Notes to Financial Statements (continued)

Note 9: RELATED PARTY

The Housing Authority of Gloucester County provides management services to the Shepherd's Farm property. Management services include all day to day financial operations as well as maintenance of the physical property.

The Authority is compensated for its services, monthly management and accounting/bookkeeping fees are paid out of the project operating account and treated as project expenses. Such fees are payable on the 1st of each month. The management fee and accounting/bookkeeping fee is \$51.00 and \$11.58 per unit per month, respectively. There is a provision for an annual adjustment to both fees as approved by HUD. Total management and accounting fees were \$56,322 for both years ended September 30, 2023 and 2022.

Note 10: CONCENTRATION OF CREDIT RISK AND OTHER MATTERS

The Corporation maintains its cash in bank accounts and other financial institutions, which, at times may exceed federally insured limits. The Corporation has not experienced any loss in such accounts. As of September 30, 2023 and 2022, the Corporation had uninsured cash balances of \$307,622 and \$445,717, respectively.

The Corporation's sole asset is the 76-unit low income apartment building for senior citizens. The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Under the regulatory agreement, the Corporation may not increase rents charged to tenants without HUD approval. The last HUD approved rental increase was effective October 1, 2021.

Note 11: SUBSEQUENT EVENTS

Management of Shepherd's Farm Senior Housing at West Deptford, Inc. has evaluated subsequent events through December 12, 2023, the date the financial statements were available to be issued.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

SUPPLEMENTARY INFORMATION
REQUIRED BY THE DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT (HUD)

FOR THE YEARS ENDED

SEPTEMBER 30, 2023 AND 2022

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

HUD PROJECT NO. 035-EE045

Statements of Financial Position Data

As of September 30, 2023 and 2022

<u>Account No.</u>		<u>2023</u>	<u>2022</u>
ASSETS			
Current assets			
1120	Cash - operations	\$ 118,782	\$ 27,015
1121	Construction cash account	10,839	10,861
1125	Cash - entity	2,677	2,676
1130	Tenant accounts receivable	2,386	10,442
1131	Allowance for doubtful accounts	-	(7,705)
1135	Accounts receivable - HUD	-	1,116
1140	Accounts receivable	402	415
1200	Prepaid property/liability insurance	22,903	19,542
1100T	Total current assets	157,989	64,362
Deposits held in trust - funded			
1191	Tenant deposits - held in trust	29,897	30,604
Restricted deposits and funded reserves			
1320	Replacement reserve	310,374	466,624
1340	Residual receipts reserve	18,882	18,800
1300T	Total restricted deposits and funded reserves	329,256	485,424
Property and equipment			
1410	Land	525,000	525,000
1420	Building	9,703,398	9,703,397
1440	Equipment	182,069	124,229
1450	Furniture for project/tenant use	74,046	74,046
1460	Furnishings	233,684	78,698
1400T	Total fixed assets	10,718,197	10,505,370
1495	Accumulated depreciation	(4,743,277)	(4,487,472)
1400N	Net fixed assets	5,974,920	6,017,898
1000T	Total assets	\$ 6,492,062	\$ 6,598,288

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

HUD PROJECT NO. 035-EE045

Statements of Financial Position Data (continued)

As of September 30, 2023 and 2022

		<u>2023</u>	<u>2022</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
2110	Accounts payable	\$ 193,297	\$ 132,410
2150	Accrued property tax	17,504	4,179
2190-10	Accounts payable - HUD	1,108	-
2190-20	Accrued payroll	105,206	84,075
2190-40	Miscellaneous current liabilities	5,386	4,554
2210	Prepaid rent	<u>2,769</u>	<u>2,675</u>
2122T	Total current liabilities	<u>325,270</u>	<u>227,893</u>
Deposit liabilities			
2191	Tenant deposits held in trust (contra)	<u>29,897</u>	<u>30,604</u>
Long-term liabilities			
2390	Capital advance - HUD Section 202	<u>7,552,000</u>	<u>7,552,000</u>
2300T	Total long-term liabilities	<u>7,552,000</u>	<u>7,552,000</u>
2000T	Total liabilities	<u>7,907,167</u>	<u>7,810,497</u>
Net assets (deficit)			
3131	Net deficit without donor restrictions	(1,425,105)	(1,222,209)
3132	Net assets with donor restrictions	<u>10,000</u>	<u>10,000</u>
3130T	Total net assets	<u>(1,415,105)</u>	<u>(1,212,209)</u>
2033T	Total liabilities and net assets	<u>\$ 6,492,062</u>	<u>\$ 6,598,288</u>

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

HUD PROJECT NO. 035-EE045

Supplementary Information Required by HUD

Statements of Activities Data

For the Fiscal Years Ended September 30, 2023 and 2022

<u>Account No.</u>		<u>2023</u>	<u>2022</u>
	Revenue		
5120	Gross potential rent revenue	\$ 351,421	\$ 335,050
5121	Tenant assistance payments from HUD	481,079	447,950
5100T	Total potential rent revenue	832,500	783,000
5220	Vacancies - apartments	(12,277)	(22,552)
5152N	Net rental revenue	820,223	760,448
5410	Revenue from investments - project	5	8
5430	Revenue from investments - residual receipts	82	-
5440	Revenue from investments - reserve for replacements	36	12
5400T	Total financial revenue	123	20
5910	Laundry revenue	2,659	4,980
5920	Tenant charges	3,969	1,940
5990	Miscellaneous revenue	310	1,169
5900T	Total other revenue	6,938	8,089
5000T	Total revenue	827,284	768,557
	Expenses		
6210	Advertising and marketing	-	67
6250	Other renting expenses	-	-
6311	Office expenses	12,228	6,966
6320	Management fee	45,900	45,900
6340	Legal expenses	376	464
6350	Audit expense	15,225	14,500
6351	Bookkeeping fees	10,422	10,422
6370	Bad debts	3,287	1,200
6390	Miscellaneous administrative expenses	73,456	75,173
6263T	Total administrative expenses	160,894	154,692
6450	Electricity	35,068	34,978
6451	Water	11,642	15,127
6452	Gas	22,850	20,911
6453	Sewer	9,240	11,578
6400T	Total utilities expense	78,800	82,594

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

HUD PROJECT NO. 035-EE045

Supplementary Information Required by HUD

Statements of Activities Data (continued)

For the Fiscal Years Ended September 30, 2023 and 2022

<u>Account No.</u>		<u>2023</u>	<u>2022</u>
6515	Supplies	\$ 24,017	\$ 11,385
6520	Contracts	51,190	31,159
6525	Garbage and trash removal	6,117	6,583
6530	Security contract	76,347	123,337
6546	Heating/cooling repairs and maintenance	4,495	12,750
6548	Snow removal	-	1,760
6570	Repairs and maintenance	1,390	14,261
6590	Miscellaneous operating and maintenance expenses	<u>58,638</u>	<u>59,050</u>
6500T	Total operating and maintenance	<u>222,194</u>	<u>260,285</u>
6710	Real estate taxes	50,816	46,930
6720	Property & liability insurance (hazard)	37,686	37,374
6790	Miscellaneous taxes, licenses, permits, and insurance	<u>188,920</u>	<u>207,134</u>
6700T	Total taxes and insurance	<u>277,422</u>	<u>291,438</u>
6890	Recapture of residual receipts - payable	<u>-</u>	<u>-</u>
6900	Other elderly care expenses	<u>35,065</u>	<u>31,338</u>
6000T	Total cost of operations before depreciation	<u>774,375</u>	<u>820,347</u>
5060T	Change in net assets before depreciation	52,909	(51,790)
6600	Depreciation expenses	<u>255,805</u>	<u>251,170</u>
5060N	Operating loss	<u>(202,896)</u>	<u>(302,960)</u>
3247	Change in unrestricted net assets from operations	<u>(202,896)</u>	<u>(302,960)</u>
3250	Change in total net assets from operations	<u>\$ (202,896)</u>	<u>\$ (302,960)</u>
S1000-020	Total of all monthly reserve for replacement deposits required during the audit period even if deposits have been temporarily waived or suspended	<u>\$ 39,480</u>	<u>\$ 39,480</u>

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.
HUD PROJECT NO. 035-EE045
Supplementary Information Required by HUD
Statements of Cash Flows Data
For the Fiscal Years Ended September 30, 2023 and 2022

<u>Account No.</u>		<u>2023</u>	<u>2022</u>
	Cash flows from operating activities		
S1200-010	Rental receipts	\$ 820,668	\$ 759,433
S1200-020	Interest receipts	123	20
S1200-030	Other operating receipts	8,067	8,399
	Administrative and operating expenses		
S1200-050	Administrative expense	(76,936)	(116,148)
S1200-090	Utilities	(78,800)	(82,594)
S1200-110	Operating and maintenance	(222,194)	(260,285)
S1200-140	Taxes and insurance	(267,458)	(278,095)
S1200-170	Other operating expenses	(35,772)	(29,911)
S1200-240	Net cash provided by operating activities	147,698	819
	Cash flows from investing activities		
S1200-250	Net deposits to reserve for replacement account	156,250	162,282
S1200-330	Net purchase of fixed assets	(212,827)	(144,192)
S1200-340	Other investing activities - change in security deposit	707	(1,427)
S1200-350	Net cash provided by (used in) investing activities	(55,870)	16,663
S1200-470	Net increase in cash	91,828	17,482
S1200-480	Cash - beginning	40,552	23,070
S1200T	Cash - ending	\$ 132,380	\$ 40,552
	Reconciliation of increase in unrestricted net deficit to net cash provided by operating activities		
3250	Increase in unrestricted net deficit	\$ (202,896)	\$ (302,960)
	Adjustments to reconcile decrease in unrestricted net deficit to net cash provided by operating activities		
6600	Depreciation expense	255,805	251,170
S1200-490	Decrease (increase) in tenant accounts receivable	351	(1,720)
S1200-500	Increase in accounts receivable - other	1,129	310
S1200-520	Increase (decrease) in prepaid expenses	(3,361)	9,164
S1200-540	Increase (decrease) in accounts payable	61,288	(19,120)
S1200-560	Increase in accrued liabilities	35,382	63,975
S1200-610	Net cash provided by operating activities	\$ 147,698	\$ 819

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.
HUD Project No. 035-EE045
Supplementary Information Required by HUD
Schedules of Changes in Land, Building, and Equipment Accounts
For the Fiscal Years Ended September 30, 2023 and 2022

		Balance October 1, 2022	Additions	Deductions	Balance September 30, 2023
1410	Land	\$ 525,000	\$ -	\$ -	\$ 525,000
1420	Building	9,746,315	139,152	-	9,885,467
1450	Equipment	234,055	73,675	-	307,730
		<u>\$ 10,505,370</u>	<u>\$ 212,827</u>	<u>\$ -</u>	<u>\$ 10,718,197</u>
	Accumulated depreciation	<u>\$ 4,487,472</u>	<u>\$ 255,805</u>	<u>\$ -</u>	<u>\$ 4,743,277</u>
		Balance October 1, 2021	Additions	Deductions	Balance September 30, 2022
1410	Land	\$ 525,000	\$ -	\$ -	\$ 525,000
1420	Building	9,610,046	136,269	-	9,746,315
1450	Equipment	226,134	7,921	-	234,055
		<u>\$ 10,361,180</u>	<u>\$ 144,190</u>	<u>\$ -</u>	<u>\$ 10,505,370</u>
	Accumulated depreciation	<u>\$ 4,236,303</u>	<u>\$ 251,169</u>	<u>\$ -</u>	<u>\$ 4,487,472</u>

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

HUD Project No. 035-EE045

Supplementary Information Required by HUD

Schedules of Reserve for Replacements

For the Fiscal Years Ended September 30, 2023 and 2022

		<u>2023</u>	<u>2022</u>
1320P	Beginning balance	\$ 466,624	\$ 628,906
1320DT	Total monthly deposits	39,480	39,480
1320INT	Other deposits - interest income	36	12
1320WT	HUD approved withdrawals	<u>(195,766)</u>	<u>(201,774)</u>
1320	Ending balance	<u>\$ 310,374</u>	<u>\$ 466,624</u>

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

HUD Project No. 035-EE045

Supplementary Information Required by HUD

Computations of Surplus Cash - Annual

For the Fiscal Years Ended September 30, 2023 and 2022

		<u>2023</u>	<u>2022</u>
S1300-010	Cash at year end	\$ 148,679	\$ 57,619
1135	Accounts receivable - HUD	<u>-</u>	<u>1,116</u>
S1300-040	Total cash	<u>148,679</u>	<u>58,735</u>
	Current obligations		
S1300-075	Accounts payable due within 30 days	193,297	132,410
S1300-100	Accrued expenses	105,206	84,075
S1300-100	Accrued payment in lieu of taxes	17,504	4,179
2191	Tenant security deposits	29,897	30,604
2210	Prepaid rent	2,769	2,675
S1300-110	Other current obligations	<u>5,386</u>	<u>4,554</u>
S1300-140	Total current obligations	<u>354,059</u>	<u>258,497</u>
S1300-150	Surplus cash (deficiency)	<u>\$ (205,380)</u>	<u>\$ (199,762)</u>

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

HUD Project No. 035-EE045

Supplementary Information Required by HUD

Schedules of Residual Receipts

For the Fiscal Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 18,800	\$ 18,800
Deposits	-	-
Other deposits - interest income	82	-
HUD reserve recapture	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 18,882</u>	<u>\$ 18,800</u>

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

SINGLE AUDIT SECTION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Trustees of
Shepherd's Farm Senior Housing at West Deptford, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shepherd's Farm Senior Housing at West Deptford, Inc. which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shepherd's Farm Senior Housing at West Deptford, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shepherd's Farm Senior Housing at West Deptford, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Shepherd's Farm Senior Housing at West Deptford, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Shepherd's Farm Senior Housing at West Deptford, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bowman & Company LLP
Certified Public Accountants & Consultants

Woodbury, New Jersey
December 12, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Shepherd's Farm Senior Housing at West Deptford, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Shepherd's Farm Senior Housing at West Deptford, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shepherd's Farm Senior Housing at West Deptford, Inc.'s major federal program for the year ended September 30, 2023. Shepherd's Farm Senior Housing at West Deptford, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Shepherd's Farm Senior Housing at West Deptford, Inc., complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

Basis for Opinion on its Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Shepherd's Farm Senior Housing at West Deptford, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of Shepherd's Farm Senior Housing at West Deptford, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Shepherd's Farm Senior Housing at West Deptford, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Shepherd's Farm Senior Housing at West Deptford, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Shepherd's Farm Senior Housing at West Deptford, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Shepherd's Farm Senior Housing at West Deptford, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Shepherd's Farm Senior Housing at West Deptford, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Shepherd's Farm Senior Housing at West Deptford, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bowman + Company LLP". The signature is written in a cursive, flowing style.

Bowman & Company LLP
Certified Public Accountants & Consultants

Woodbury, New Jersey
December 12, 2023

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.**Schedule of Expenditures of Federal Awards****For the Year Ended September 30, 2023**

<u>Grantor Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Award Identification Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Grant/Mortgage Loan Period</u>	<u>Accrued Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>						
Section 202 – Supportive Housing for the Elderly – Capital Advance	14.157	NJ39S011002-20C	N/A	-	7/1/2005- 7/1/2045	\$ 7,552,000
Section 202 – Supportive Housing for Elderly – Rental Assistance	14.157	NJ39S011002-20C	N/A	-	10/1/2022- 9/30/2023	<u>481,079</u>
						<u>\$ 8,033,079</u>

Total expenditures of federal awards

The accompanying notes are an integral part of this schedule.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2023

Note 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the "Schedule") is presented using the accrual basis of accounting. This basis of accounting is described in Note 2 to the Corporation's financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The amount of expenditures for the Section 202, Supportive Housing for Elderly rental assistance included in the accompanying Schedule is in agreement with the financial statements of the organizations presented in accordance with generally accepted accounting principles. However, for the Section 202, Supportive Housing for the Elderly capital advance, the amount of expenditures on the Schedule is based on the outstanding balance of the loan at September 30, 2023.

Note 2: DE MINIMIS COST RATE

The Corporation has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: GENERAL

The accompanying Schedule includes the activity of all federal award programs of the organization for the year ended September 30, 2023. All federal awards with current year activity received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the Schedule.

Note 4: RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying Schedule agree, in all material respects, with the amounts reported in the related federal financial reports.

Note 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

The Section 202, Supportive Housing for the Elderly capital advance was received over the fiscal years ending September 30, 2004 and 2005 to fund the construction costs of the housing project. The expenditure amount presented on the Schedule of Expenditures of Federal Awards represents the outstanding loan balance as of September 30, 2023 as required by HUD.

Note 6: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

Schedule of Findings and Questioned Costs

Part I - Summary of Auditor's Results

Financial Statement Section

- | | |
|---|------------|
| A. Type of auditor's report issued: | Unmodified |
| B. Internal control over financial reporting: | |
| 1. Material weakness(es) identified? | None noted |
| 2. Significant deficiency(ies) identified? | None noted |
| C. Noncompliance material to financial statements noted?: | None noted |

Federal Awards Section

- | | |
|--|------------|
| D. Dollar threshold used to determine Type A programs: | \$ 750,000 |
| E. Auditee qualifies as low-risk auditee? | Yes |
| F. Type of auditor's report on compliance for major programs: | Unmodified |
| G. Internal control over major programs: | |
| 1. Material weakness(es) identified? | None noted |
| 2. Significant deficiency(ies) identified? | None noted |
| H. Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance)? | None noted |
| I. Identification of major federal programs: | |

AL Number

Name of Federal Program or Cluster

14.157

Section 202 Supportive Housing for the Elderly

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

Schedule of Findings and Questioned Costs

Part II - Schedule of Current Year Financial Statement Findings

- NOT APPLICABLE -

Part III - Schedule of Current Year Federal Award
Findings and Questioned Costs

- NOT APPLICABLE -

SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.

Schedule of Findings and Questioned Costs

Part IV - Schedule of Prior Year Financial Statement Findings

- NOT APPLICABLE -

Part V - Status of Prior Year Federal Award
Findings and Questioned Costs

- NOT APPLICABLE -



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WEST DEPTFORD NJ 08086
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SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.
HUD Project No. 035-EE045

CERTIFICATION OF PROJECT OWNER

We hereby certify that we have examined the accompanying financial statements and supplementary information of Shepherd's Farm Senior Housing at West Deptford, Inc. HUD Project No. 035-EE045 and, to the best of our knowledge and belief, the same are complete and accurate.




Date 12/14/2023

Date 12/14/2023

Shepherd's Farm Senior Housing at West Deptford, Inc.
Employer Identification Number 04-3588269



SHEPHERD'S FARM SENIOR HOUSING AT WEST DEPTFORD, INC.
HUD Project No. 035-EE045

Management Agent's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary information of Shepherd's Farm Senior Housing at West Deptford, Inc. HUD Project No. 035-EE045 and, to the best of our knowledge and belief, the same are complete and accurate.

Signature

Title: Executive Director, Housing Authority of Gloucester County

Date:

12/12/23

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Board of Trustees
Shepherd's Farm Senior Housing at West Deptford, Inc.

We have performed the procedure described in the third paragraph of this report, on the electronically submitted information included within the OMB *Uniform* Guidance reporting package. Shepherd's Farm Senior Housing at West Deptford, Inc. is responsible for accuracy and completeness of the electronically submitted information.

Shepherd's Farm Senior Housing at West Deptford, Inc. and the U.S. Department of Housing and Urban Development (HUD), Real Estate Assessment Center (REAC) have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to determine whether the electronic submission of certain information agrees with the related hard copy documents within the OMB Uniform Guidance reporting package. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We compared the electronically submission of the items listed in the "UFRS Rule Information" column of the matrix/chart on page 39 of this report with the corresponding printed documents listed in the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged by Shepherd's Farm Senior Housing at West Deptford, Inc. to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronically submitted information identified in the "UFRS Rule Information" column of the chart/matrix agrees with the related hard copy documents within the OMB *Uniform Guidance* reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Shepherd's Farm Senior Housing at West Deptford, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

We were engaged to perform an audit in accordance with the OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)* by Shepherd's Farm Senior Housing at West Deptford, Inc. as of and for the fiscal year ending September 30, 2023 and have issued our reports thereon dated December 12, 2023. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplemental information dated December 12, 2023, was expressed in relation to the basic financial statements of Shepherd's Farm Senior Housing at West Deptford, Inc. taken as a whole.

A copy of the reporting package required by the OMB Uniform Guidance, which includes the auditor's reports, is available in its entirety from Shepherd's Farm Senior Housing at West Deptford, Inc.. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

The purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of Shepherd's Farm Senior Housing at West Deptford, Inc. and HUD and is not intended to be and should not be used by anyone other than these specified parties.



BOWMAN & COMPANY LLP
Certified Public Accountants & Consultants

Woodbury, New Jersey
December 12, 2023

**ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

UFRS Rule Information	Hard Copy Documents	Findings
Balance Sheet, Revenue and Expense and Cash Flow Data (account numbers 1120 to 7100T and the S1200 series)	Financial Data Templates (i.e., Supplemental Schedules)	Agrees
Surplus Cash (S1300 series of accounts)	Financial Data Templates (i.e., Computation of Surplus Cash, Distributions and Residual Receipts (Annual))	Agrees
Footnotes (S3100 series of accounts)	Footnotes to Audited Basic Financial Statements	Agrees
Type of Opinion on the Financial Statements and Auditor Reports (S3400, S3500, and S3600 series of accounts)	Auditor's Reports on the Financial Statements, Compliance, and Internal Control	Agrees
Type of Opinion on Financial Data Templates (i.e., Supplemental Data) (account S3400-100)	Auditor's Supplemental Report on Financial Data Templates	Agrees
Audit Findings Narrative (S3800 series of accounts)	Schedule of Findings and Questioned Costs	Agrees
General Information (S3300, S3700, and S3800 series of accounts)	Schedule of Findings and Questioned Costs and Federal Awards Data	Agrees

AUDITOR'S IDENTIFICATION INFORMATION

December 12, 2023

RE: Shepherd's Farm Senior Housing at West Deptford, Inc.
HUD Project No. 035-EE045

The lead auditor for the audit of Shepherd's Farm Senior Housing at West Deptford, Inc. HUD Project No. 035-EE045 for the fiscal years ended September 30, 2023 and 2022 are Glen J. Walton for 2023 and Nina S. Sorelle for 2022. Their address is Bowman & Company LLP, 6 North Broad Street, Suite 201, Woodbury, New Jersey 08096, and their telephone number is 856-853-0440.

The Federal Employer Identification Number of Bowman & Company LLP is 21-0658561.

Woodbury, New Jersey
December 12, 2023